



Employees' Retirement System of Alabama  
 GASB Statement 67 Information as of September 30, 2020  
 (\$ in Thousands)

|                                | 1% Decrease<br>(6.70%)* | Current<br>Discount<br>Rate (7.70%) | 1% Increase<br>(8.70%)* |
|--------------------------------|-------------------------|-------------------------------------|-------------------------|
| System's net pension liability | \$8,667,554             | \$6,556,427                         | \$4,766,518             |

\*Revised from the amounts originally shown for the System's NPL at alternate discount rates of 6.70% and 8.70% that were issued as \$7,715,764 and \$3,683,627, respectively.

**Paragraph 31(c):** September 30, 2019 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of September 30, 2020 using standard roll forward techniques for the TPL. The roll forward calculations add the annual normal cost (also called the service cost), subtract the actual benefit payments and refunds for the plan year and then apply the expected investment rate of return for the year. In addition, we have determined an expected TPL as of September 30, 2020 based on the TPL roll-forward in the September 30, 2019 GASB 67 report. The difference between this amount and the roll-forward of the actual TPL before any benefit changes is reflected as an experience gain or loss for the year. We have also determined an expected TPL as of September 30, 2020 after reflecting the provisions of Act 2019-132\*\*. The difference between this amount and the roll-forward of the actual TPL before any benefit changes is reflected as a benefit change gain or loss for the year. These procedures are shown in the following table:

\*\*Act 2019-132 amended the System to allow local employers that participate in the System to elect to provide Tier I retirement benefits to their Tier II employees, upon approval by the Board of Control, until May 8, 2021. The TPL as of September 30, 2020 reflects 377 employers that elected Act 2019-132 and approved by the Board through the September 2020 Board meeting.



| <b>TPL Roll-Forward (\$ in Thousands)</b>   |                 |   |  |
|---|-----------------|---|--|
|   | <u>Expected</u> | <u>Actual Before Act</u><br><u>2019-132</u> | <u>Actual After Act</u><br><u>2019-132</u> |
| (a) TPL as of September 30, 2019  | \$18,353,891    | 19,140,860                                  | \$19,195,870                               |
| (b) TPL for City of Montgomery as of October 1, 2019  | \$560,498       |   |  |
| (c) Entry Age Normal Cost* for the Year October 1, 2019 - September 30, 2020                      | 329,995         | 329,995                                     | 342,069                                    |
| (d) Actual Benefit Payments (including refunds) for the Year October 1, 2019 – September 30, 2020 | 1,260,526       | 1,260,526                                   | 1,260,526                                  |
| (e) TPL as of September 30, 2020<br>=[((a)+(b)) x (1.0770)] + (c) – [(d) x (1.0385)]              | \$19,391,736    | \$19,635,645                                | \$19,706,965                               |
| (f) Difference between Expected and Actual Experience (Gain)/Loss                                 |                 | \$243,909                                   |  |
| (g) Difference between Actual TPL Before and After Act 2019-132 – Benefit Change (Gain)/Loss      |                 |   | \$71,320                                   |

\*Also called the Service Cost

**SCHEDULE A**



**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY  
GASB 67 Paragraph 32(a)  
(\$ in Thousands)**

|   | 2014                | 2015                | 2016                | 2017                | 2018                | 2019                | 2020                | 2021 | 2022 | 2023 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------|------|------|
| <b>Total pension liability</b>  |                     |                     |                     |                     |                     |                     |                     |      |      |      |
| Service Cost*   | \$ 298,985          | \$ 346,440          | \$ 308,840          | \$ 325,138          | \$ 307,064          | \$ 315,841          | \$ 329,995          |      |      |      |
| Interest  | 1,164,853           | 1,199,079           | 1,233,415           | 1,271,712           | 1,303,322           | 1,329,988           | 1,407,878           |      |      |      |
| Benefit changes   | -                   | -                   | -                   | -                   | -                   | -                   | 71,320              |      |      |      |
| Difference between expected and actual experience   |                     | (35,546)            | 101                 | (64,111)            | (79,478)            | 24,803              | 243,909             |      |      |      |
| Changes of assumptions  | -                   | -                   | 544,310             | -                   | 87,608              | -                   | -                   |      |      |      |
| Benefit payments  | (948,645)           | (1,023,732)         | (1,043,293)         | (1,056,006)         | (1,102,478)         | (1,123,150)         | (1,215,223)         |      |      |      |
| Refunds of contributions  | (49,767)            | (49,865)            | (44,660)            | (46,374)            | (44,890)            | (55,478)            | (45,303)            |      |      |      |
| New unit City of Montgomery   |                     |                     |                     |                     |                     |                     | 560,498             |      |      |      |
| <b>Net change in total pension liability</b>  | <b>465,426</b>      | <b>436,376</b>      | <b>998,713</b>      | <b>430,359</b>      | <b>471,148</b>      | <b>492,004</b>      | <b>1,353,074</b>    |      |      |      |
| <b>Total pension liability - beginning</b>  | <b>\$15,059,865</b> | <b>\$15,525,291</b> | <b>\$15,961,667</b> | <b>\$16,960,380</b> | <b>\$17,390,739</b> | <b>\$17,861,887</b> | <b>\$18,353,891</b> |      |      |      |
| <b>Total pension liability - ending (a)</b>   | <b>\$15,525,291</b> | <b>\$15,961,667</b> | <b>\$16,960,380</b> | <b>\$17,390,739</b> | <b>\$17,861,887</b> | <b>\$18,353,891</b> | <b>\$19,706,965</b> |      |      |      |
| <b>Components of Plan Fiduciary Net Position reserved to fund Total Pension Liability</b> |                     |                     |                     |                     |                     |                     |                     |      |      |      |
| Contributions - employer  | \$ 379,163          | \$ 411,087          | \$ 435,243          | \$ 426,369          | \$ 426,340          | \$ 467,553          | \$ 519,806          |      |      |      |
| Contributions - member  | 226,015             | 229,254             | 238,017             | 233,901             | 241,741             | 254,440             | 270,947             |      |      |      |
| Contributions - new unit City of Montgomery   |                     |                     |                     |                     |                     |                     | 344,352             |      |      |      |
| Other   | -                   | 68,897              | -                   | -                   | (7,481)             | -                   | -                   |      |      |      |
| Net investment income   | 1,183,377           | 126,335             | 1,052,886           | 1,402,009           | 1,098,412           | 320,585             | 724,025             |      |      |      |
| Benefit payments  | (948,645)           | (1,023,732)         | (1,043,293)         | (1,056,006)         | (1,102,478)         | (1,123,150)         | (1,215,223)         |      |      |      |
| Refunds of contributions  | (49,767)            | (49,865)            | (44,660)            | (46,374)            | (44,890)            | (55,478)            | (45,303)            |      |      |      |
| Administrative Expenses   | -                   | (13,182)            | (13,023)            | (14,502)            | (13,763)            | (15,829)            | (16,539)            |      |      |      |
| <b>Net change in plan fiduciary net position</b>  | <b>790,143</b>      | <b>(251,206)</b>    | <b>625,170</b>      | <b>945,397</b>      | <b>597,881</b>      | <b>(151,879)</b>    | <b>582,065</b>      |      |      |      |
| <b>Plan fiduciary net position - beginning</b>  | <b>\$10,012,967</b> | <b>\$10,803,110</b> | <b>\$10,551,904</b> | <b>\$11,177,074</b> | <b>\$12,122,471</b> | <b>\$12,720,352</b> | <b>\$12,568,473</b> |      |      |      |
| <b>Plan fiduciary net position - ending (b)</b>   | <b>\$10,803,110</b> | <b>\$10,551,904</b> | <b>\$11,177,074</b> | <b>\$12,122,471</b> | <b>\$12,720,352</b> | <b>\$12,568,473</b> | <b>\$13,150,538</b> |      |      |      |
| <b>Net pension liability - ending (a) - (b)</b>   | <b>\$ 4,722,181</b> | <b>\$ 5,409,763</b> | <b>\$ 5,783,306</b> | <b>\$ 5,268,268</b> | <b>\$ 5,141,535</b> | <b>\$ 5,785,418</b> | <b>\$ 6,556,427</b> |      |      |      |



**SCHEDULE OF THE NET PENSION LIABILITY**  
**GASB 67 Paragraph 32(b)**  
**(\$ in Thousands)**

|   | 2014                | 2015                | 2016                | 2017                | 2018                | 2019                | 2020                | 2021 | 2022 | 2023 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------|------|------|
| Total pension liability   | \$ 15,525,291       | \$ 16,960,380       | \$ 16,960,380       | \$ 17,390,739       | \$17,861,887        | \$18,353,891        | \$19,706,965        |      |      |      |
| Plan fiduciary net position                                       | 10,803,110          | 10,551,904          | 11,177,074          | 12,122,471          | 12,720,352          | 12,568,473          | 13,150,538          |      |      |      |
| Net pension liability   | <u>\$ 4,722,181</u> | <u>\$ 6,408,476</u> | <u>\$ 5,783,306</u> | <u>\$ 5,268,268</u> | <u>\$ 5,141,535</u> | <u>\$ 5,785,418</u> | <u>\$ 6,556,427</u> |      |      |      |
| Plan Fiduciary Net Position as a % of the Total Pension Liability | 69.58%              | 62.22%              | 65.90%              | 69.71%              | 71.22%              | 68.48%              | 66.73%              |      |      |      |
| Covered payroll*  | \$ 3,511,115        | \$ 3,556,282        | \$ 3,592,658        | \$ 3,680,078        | \$ 3,692,241        | \$ 3,789,556        | \$ 4,003,430        |      |      |      |
| Net pension liability as a percentage of covered payroll          | 134.49%             | 180.20%             | 160.98%             | 143.16%             | 139.25%             | 152.67%             | 163.77%             |      |      |      |

\*Payroll from the annual actuarial valuation upon which the TPL is based, increased with assumed annual payroll growth